

DEPARTMENT OF EMPLOYEE TRUST FUNDS
INCOME CONTINUATION INSURANCE ADMINISTRATION MANUAL-STATE

CHAPTER 2 — ELIGIBILITY CRITERIA

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200 Newly Hired Employee Eligibility Criteria

All employees, including part-time, limited-term (LTE), seasonal and non-represented employees, are eligible for and must be offered Income Continuation Insurance (ICI) coverage provided they:

- Are participating in the Wisconsin Retirement System (WRS);
- Are under age 70 on the coverage effective date;
- Receive earnings for services rendered for the State;
- Have been covered by the WRS for six months, not including any periods of absence without pay. However, the following employees are immediately eligible for coverage without having six months of participation in the WRS:
 - Member or employee of the Legislature
 - State constitutional officer
 - Justice of the Supreme Court
 - Circuit Judge
 - Court of Appeals Judge
 - Assembly Chief Clerk or Sergeant-at-Arms
 - Senate Chief Clerk or Sergeant-at-Arms
 - District Attorney who did not elect under Wis. Stat. § 978.12 (6) to continue insurance coverage with a county, or who did elect and subsequently terminated that election.
- Are a blind employee of WISCRAFT who has completed 1,000 hours of service.

Note: Excluded from ICI coverage are employees who do not participate in the WRS such as LTE's who do not work sufficient hours to qualify, student employees, and employees in training (e.g., UW graduate assistants, etc.)

201 Determining Initial Insurance Eligibility Date

An eligible State employee can become insured for standard and supplemental ICI coverage following six months of participation in the WRS, by filing an *Income Continuation Insurance Application* (ET-2307) with their employing agency's payroll/personnel office no later than 30 calendar days after first becoming eligible for ICI. Coverage shall be effective the first day of the calendar month on or after the date the employer receives the application. In the event the employee filed the application prior to their eligibility date, coverage shall be effective the first day of the calendar month on or after the date of eligibility. After 30 days, employees desiring coverage must apply through evidence of insurability or through deferred coverage provisions.

Employers must complete a WRS previous service check when an employee is hired to determine whether they were covered under WRS before being hired. (Refer to subchapter 203.) Previous WRS service with any State or local WRS participating employer fulfills the six month WRS participation requirement for State and UW faculty. However, one year of WRS service with the State is required before the employer share toward the ICI premium begins for UW faculty. If previous WRS service with either a State agency or local employer exists, refer to subchapter 205 for eligibility information on rehired/returning employees.

The ICI coverage effective date is dependent upon the employee's previous service and determined as follows:

- If the employee began WRS coverage on the first day of a month, add 6 to that month; if the employee began on the second day of a month or later, add 7 to that month. Eligibility to enroll for ICI begins on the first day of the resulting month. The chart in subchapter 204 shows the ICI eligibility dates for each WRS begin date in the year.
- If the employee goes **on temporary layoff or unpaid LOA during their initial six months of employment**, do not count full months during which the employee was on unpaid LOA or layoff. The ICI eligibility date is postponed one month for each full month during which the employee did not work. The employee receives credit for any month in which service was performed, even if just one day. (Refer to subchapter 206.)
- If a **seasonal** employee, regularly scheduled time off counts toward the six-month WRS participation requirement, even if the employee is off work for a full month or more. If the employee is not working at the time the six months are completed, eligibility to file an application occurs during the first 30 days following return to work.
- If an employee is rehired after receiving a separation benefit (withdrawal of all funds from the WRS), the employee is required to complete a new six-month period of WRS service before becoming eligible for coverage.

- If an insured employee transfers employment from one State agency to another, an application must be submitted to the new agency within 30 days of the transfer to prevent coverage from lapsing.

Note: Employees of more than one WRS employer, or employees who fall under a different ICI plan with a different elimination period, must file a separate application for each position held.

202 Eligibility Dates for New Hires Without Previous Service

An employee may obtain coverage without furnishing medical evidence of insurability by completing and signing an *Income Continuation Insurance Application* (ET-2307) and filing it with the employing State agency within 30 calendar days after the initial ICI eligibility date. The following chart summarizes the insurance eligibility date, application due date and effective date for newly WRS eligible employees who are required to complete six months of service under the WRS. The chart assumes there is no break in service during the first six months. (Refer to subchapter 206 if a break in service occurs)

WRS ELIGIBILITY DATE	ICI ELIGIBILITY DATE	ICI APPLICATION DUE DATE	APPLICATION RECEIVED	EFFECTIVE DATE OF COVERAGE
01/01	07/01	07/31	01/01 - 07/01 07/02 - 07/31	07/01 08/01
01/02 - 02/01	08/01	08/31	01/02 - 08/01 08/02 - 08/31	08/01 09/01
02/02 - 03/01	09/01	10/01	02/02 - 09/01 09/02 - 10/01	09/01 10/01
03/02 - 04/01	10/01	10/31	03/02 - 10/01 10/02 - 10/31	10/01 11/01
04/02 - 05/01	11/01	12/01	04/02 - 11/01 11/02 - 12/01	11/01 12/01
05/02 - 06/01	12/01	12/31	05/02 - 12/01 12/02 - 12/31	12/01 01/01
06/02 - 07/01	01/01	01/31	06/02 - 01/01 01/02 - 01/31	01/01 02/01
07/02 - 08/01	02/01	03/03	07/02 - 02/01 02/02 - 02/29	02/01 03/01
08/02 - 09/01	03/01	03/31	08/02 - 03/01 03/02 - 03/31	03/01 04/01
09/02 - 10/01	04/01	05/01	09/02 - 04/01 04/02 - 04/30	04/01 05/01
10/02 - 11/01	05/01	05/31	10/02 - 05/01 05/02 - 05/31	05/01 06/01
11/02 - 12/01	06/01	07/01	11/02 - 06/01 06/02 - 07/01	06/01 07/01
12/02 - 12/31	07/01	07/31	12/02 - 07/01 07/02 - 07/31	07/01 08/01

IMPORTANT: For applications received on or before the eligibility date, coverage is effective on the eligibility date. If the application is received after the eligibility date, but on or before the application due date, coverage is effective on the first of the month following the application received date.

203 WRS Previous Service Check

A WRS previous service check must be performed for each employee applying for ICI in order to determine the correct coverage effective date.

Note: Without a previous service check, it is possible to miss the employee's initial enrollment period, which may result in denial of coverage.

ETF provides three methods for employers to use in determining whether an employee has previous WRS service:

- A. Access to the Previous Service Benefit Inquiry Screen on ETF's Extranet site at <http://etfextranet.it.state.wi.us/>.

Note: This is a password-protected site. To obtain access, refer to Chapter 24 of the Wisconsin Retirement System Administration Manual.

- B. Complete a *WRS Previous Service Checks* form (ET-1715) found in subchapter 204 and fax it to ETF at (608) 266-5801.
- C. Call the Employer Communication Center at (608) 264-7900 and request a previous service check.

204 WRS Previous Service Checks Form (ET-1715)

Department of Employee Trust Funds
Division of Trust Finance & Employer Services
PO Box 7931 - Madison WI 53707-7931
Fax: (608) 266-5801

WRS PREVIOUS SERVICE CHECKS

To verify previous Wisconsin Retirement System (WRS) service, complete the following information: your name/agency, phone number, fax, EIN, re: employee's name, Social Security Number, birthdate and date sent. Do not write in the ETF Review area, additional comments or completion date.

From: Name/Agency	Phone Number:	Fax:	EIN: 69-036-	
Employee:	SSN:	Birthdate:	Date Sent:	
ETF Review <input type="checkbox"/> No previous service. <input type="checkbox"/> Qualifying state service. ____ months. <input type="checkbox"/> Qualifying local service. ____ months. <input type="checkbox"/> Took a separation benefit on _____. <input type="checkbox"/> Is an annuitant: <input type="checkbox"/> WRS Termination date is _____. <input type="checkbox"/> Retirement Annuity application received by ETF on _____. <input type="checkbox"/> Retirement Annuity effective date is _____. Additional Comments: _____				Completion Date:

Employee:	SSN:	Birthdate:	Date Sent:	
ETF Review <input type="checkbox"/> No previous service. <input type="checkbox"/> Qualifying state service. ____ months. <input type="checkbox"/> Qualifying local service. ____ months. <input type="checkbox"/> Took a separation benefit on _____. <input type="checkbox"/> Is an annuitant: <input type="checkbox"/> WRS Termination date is _____. <input type="checkbox"/> Retirement Annuity application received by ETF on _____. <input type="checkbox"/> Retirement Annuity effective date is _____. Additional Comments: _____				Completion Date:

Employee:	SSN:	Birthdate:	Date Sent:	
ETF Review <input type="checkbox"/> No previous service. <input type="checkbox"/> Qualifying state service. ____ months. <input type="checkbox"/> Qualifying local service. ____ months. <input type="checkbox"/> Took a separation benefit on _____. <input type="checkbox"/> Is an annuitant: <input type="checkbox"/> WRS Termination date is _____. <input type="checkbox"/> Retirement Annuity application received by ETF on _____. <input type="checkbox"/> Retirement Annuity effective date is _____. Additional Comments: _____				Completion Date:

205 Rehired/Returning Employee Eligibility

Employees who have previously served and still have six months credited under the WRS (with State and local government employers) are immediately eligible and must enroll within 30 days of rehire or of returning from unpaid LOA or lay-off. The following charts show when rehired employees are ICI eligible and whether or not evidence of insurability is required. (Refer to subchapter 308 for information on evidence of insurability)

- Chart I represents previously eligible, but uninsured employees.
- Chart II represents previously insured employees.

Chart I			
ICI Eligibility for PREVIOUSLY ELIGIBLE BUT UNINSURED Rehired/Returning Employees			
Situation		ICI Eligible?	Effective Date
1.	Goes on LOA and returns to covered employment with the same employer	Yes-Through Evidence of Insurability (EOI)	1 st of the month on or after approval through EOI.
2.	Goes on military leave and returns to the same employer	Yes-Through EOI	1 st of the month on or after approval through EOI.
3.	Terminates, takes a separation benefit (withdraws available contributions) from WRS and returns to covered employment with the same employer	Yes-Following completion of six calendar months under WRS	1 st of the month on or after employer's receipt of timely ICI Application (but not prior to completion of six months WRS service).
4.	Terminates, leaves WRS contributions in system and returns to covered employment with the same employer within 30 days	Yes-Through EOI	1 st of the month on or after approval through EOI.
5.	Terminates, leaves WRS contributions in system and returns to covered employment with the same employer after 30 days	Yes	1 st of the month on or after employers receipt of timely ICI Application.
6.	Terminates, leaves WRS contributions in system and returns to covered employment with different WRS employer under ICI	Yes	1 st of the month on or after employers receipt of timely ICI Application.

Chart II				
ICI Eligibility for PREVIOUSLY INSURED Rehired/Returning Employees				
Situation		ICI Eligible?	Effective Date	Can Elimination Period Be Shortened?
1.	Goes on LOA and returns to covered employment with the same employer	Yes	1 st of the month on or after employer's receipt of timely ICI application.	Yes – Through Evidence of Insurability (EOI)
2.	Goes on military leave and returns to the same employer	Yes	1 st of the month on or after employer's receipt of timely ICI application.	Yes – Through EOI
3.	Terminates, takes a separation benefit (withdraws available contributions) from WRS and returns to covered employment with the same employer	Yes-following completion of six calendar months under WRS	1 st of the month on or after employer's receipt of timely ICI application.	Yes
4.	Terminates, leaves WRS contributions in system and returns to covered employment with the same employer within 30 days	Yes	1 st of the month on or after employer's receipt of timely ICI application.	Yes – Through EOI
5.	Terminates, leaves WRS contributions in system and returns to covered employment with the same employer after 30 days	Yes	1 st of the month on or after employer's receipt of timely ICI application.	Yes
6.	Terminates, leaves WRS contributions in system and returns to covered employment with different WRS and ICI participating employer	Yes	1 st of the month on or after employer's receipt of timely ICI application.	Yes

206 Interrupted Service/Leaves of Absence

Interrupted service occurs when the employee/employer relationship remains intact but the employee performs no service and receives no pay. When an interruption in service occurs during an employee's first six months under the WRS, any months where service was performed (including paid leave time) count toward the completion of six months for ICI eligibility purposes. Full months with no service do not count toward the six-month WRS service requirement and extend the ICI eligibility date.

The following are examples of how to determine the effective date of ICI coverage for employees with interrupted service (unpaid leaves of absence).

Leaves of Absence

Employees who go on an unpaid leave of absence (LOA) within the first six months of employment are required to complete additional months of WRS service to qualify for ICI coverage. Months in which no service is performed do not count toward the six-month WRS service requirement and extend the employee's ICI eligibility date accordingly.

Refer to subchapter 202 for application receipt dates and coverage effective dates.

➤ Unpaid LOA before completion of six-month WRS service requirement

EXAMPLE 1:	Employee Hired	January 10
	Employee Begins Unpaid Leave	February 5
	Employee Returns to Work	May 21
	Eligibility Date	October 1

No hours worked in March and April.

Add 7 to the month of January ($1 + 7 = 8$), to equal August (8).

Add 2 for the months not worked ($8 + 2 = 10$) to equal October (10).

October 1, 2005 is the employee's ICI eligibility date with coverage effective the 1st of the month on or after the employer's receipt of the ICI application.

EXAMPLE 2:	Employee Hired	January 10
	Employee Begins Unpaid Leave	February 5
	Employee Returns to Work	January 10
	Eligibility Date	June 1

Add 7 to the month of January ($1 + 7 = 8$).

Add 10 for months not worked ($8 + 10 = 18$).

For any result over "12," subtract 12 from your answer to get the correct month and then add 1 year to the current year ($18 - 12 = 6$).

June 1, 2006 is the employee's ICI eligibility date with coverage effective the 1st of the month on or after the employer's receipt of the ICI application.

➤ Paid LOA before completion of six-month WRS service requirement

Months with any hours of paid leave are counted as if the employee had worked during those months and therefore count toward the six months of WRS service for determining ICI eligibility.

➤ LOA (Paid or Unpaid) for employee currently covered under ICI

ICI covered employees who take a LOA (paid or unpaid) may continue ICI coverage during the approved LOA. The first three months of authorized leave qualify for the employer contribution. Beyond three months the employee is responsible for the full premium. Premium payments must be received by the employer prior to the end of coverage so there is no lapse in coverage. The maximum time ICI coverage may be continued is 36 months, except for insured employees on union service leave, as defined under Wis. Stat. § 40.02 (56), or on military leave, who may continue to be insured for the duration of the leave.

➤ **Military Leave**

Military leave, for ICI coverage purposes, is generally treated the same as any unpaid LOA when determining the ICI eligibility date. Generally, months on military leave do not count toward the six-month WRS criteria for ICI eligibility if the leave occurs during the first six months of employment. However, an employee on military leave who meets the following criteria will be treated as being on a paid LOA:

- The employee is activated on or after January 1, 2003 to serve, or is serving on military duty in the U.S. armed forces, other than for training purposes.
- On the date activated, the employee is a member of the Wisconsin National Guard or a member of a reserve component of the U.S. armed forces or is recalled to active military duty from the inactive reserve status.
- The employer pays the employee's salary, less any military pay and housing allowances, during the period in which the employee is on military duty in the U.S. armed forces, unless the military pay and housing allowances equal or exceed the employee's salary.

Any months on military LOA meeting the criteria above count toward the six months WRS participation requirement for ICI eligibility. Should that occur and the employee files the ICI enrollment application with the employer prior to the military leave, the employer must follow the normal application filing process and collect ICI premiums.

For applications not received by the employer prior to the eligibility date, the ICI enrollment application must be received by the employer no later than 30 days after the return to work from active military leave. The ICI coverage effective date is the first of the month following the employer's receipt of the completed ICI application.

ICI covered employees on active military leave who allow coverage to lapse may reinstate their previous coverage by filing an ICI enrollment application with the employer no later than 30 days after the return to work from active military leave. The employee is not required to file for coverage under evidence of insurability. Premiums resume in the same amount as before the active military leave, unless an annual premium or salary adjustment has occurred in the interim.

207 Change to LTE, Project or Other Employment Status

An insured employee who changes employment status and remains eligible for WRS can continue coverage under the ICI program. When an insured employee changes their percentage of appointment and their earnings base, premiums must be adjusted accordingly.

208 Change to or from UW Faculty/Academic Staff Positions

When an employee has a change in employment that results in a switch from a State position to a UW faculty position, or vice versa, ICI eligibility and enrollment options may be affected. The following four scenarios provide additional information:

1. Classified to UW faculty (Previously Insured)
 - a. ICI coverage can be continued, and
 - b. The employee must file a new application within 30 days of becoming a UW faculty and select an elimination period of 30, 90, 125 or 180 calendar days.
2. Classified to UW faculty (Previously Uninsured)
 - a. The employee is eligible to enroll immediately if previously employed at least one year in State service, and
 - b. The employee selects an elimination period that provides an increase in State contribution from what the person could have obtained in the previous employment. In this case, obtain the sick leave record from the previous employment to determine the corresponding UW faculty elimination period for which the employee is eligible to apply.

1) Classified Employees:

<u>Premium Category</u>	<u>Approximate Percent of Gross Premium Paid by the State</u>
1	0%
2	0%
3	67%
4	77%
5	85%
6	100%

2) UW faculty Only:

<u>Selected Elimination Period</u>	<u>Percent of Gross Premium Paid by the State*</u>
30 calendar days	37%
90 calendar days	69%
125 calendar days	75%
180 calendar days	100%

*For faculty with one year or more of State service

The amount of sick leave accumulated by an uninsured classified employee will determine which elimination period the employee is eligible for as UW faculty as represented in the following chart:

Sick Leave Accumulation (one day of sick leave = 8 hours)	Elimination Period For Which Eligible
Has not accumulated 10 days in a previous year (i.e., in Premium Category 1 or 2.)	30, 90, 125 or 180 calendar days; evidence of insurability is not required
Has accumulated 10 days in any previous year (i.e., in Premium Category 2.)	90, 125, or 180 calendar days; evidence of insurability is not required
Has accumulated 65 days total at the end of any previous year (i.e., in Premium Category 4.)	180 calendar days; evidence of insurability is not required
Has accumulated 90 days total at the end of any previous year (i.e., in Premium Category 5.)	180 calendar days; evidence of insurability is not required
Has accumulated 130 days total at the end of any previous year (i.e., in Premium Category 6.)	Evidence of Insurability is required

- c. The employee is eligible for deferred coverage at the end of any calendar year in which accumulated sick leave exceeds 130 days. An *Income Continuation Insurance Application* (ET-2307) is due by January 30.
3. UW faculty to Classified (Previously Insured)
 - a. ICI coverage can be continued, and
 - b. The employee must file a new application within 30 days to continue coverage.
 - c. The premium category (1-6) will depend on the amount of sick leave the employee has accumulated.
 4. UW faculty to Classified (Previously Uninsured).
 - a. Evidence of Insurability is required if the classified employee has at least six months of WRS participation, otherwise eligible after completion of six months of WRS participation.
 - b. The classified employee is eligible for deferred coverage at the end of any calendar year in which:
 - 1) The full-time employee accumulates 80 hours of sick leave (i.e., premium category 3) (prorated for less than full-time) in a calendar year for the first time, or
 - 2) The employee's sick leave falls within premium category 4 or 5 for the first time, or
 - 3) The employee accumulates 1040 hours of sick leave, making them eligible for premium category 6.

An *Income Continuation Insurance Application* for deferred coverage is due by January 30, with coverage effective April 1.

209 Reinstatement Due to Settlement Agreement

Some employee/employer disputes are the result of discharge from employment. ICI coverage immediately terminates on the date of discharge; ICI coverage cannot be continued during a process of appeal or arbitration. Should resolution of the dispute result in reinstatement;

- The employee may reenroll for only the same coverage that was in effect on the date of the disputed termination. UW faculty may elect a longer elimination period.
- A completed application must be filed with the employer no later than 30 days after the return to active employment.
- The effective date of the insurance is determined as if the employee were rehired on the date of the reinstatement. Coverage becomes effective the first of the month following the employer's receipt of the application.